

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

Question: sbt 12

Topic: Register of Foreign Borrowings

Hansard Page: E112

Senator COONAN asked:

Senator COONAN—Another general question that I wanted to ask tangentially touches on some of the questions that Senator Joyce was asking. On 18 June this year the Senate passed an amendment to the Guarantee of State and Territory Borrowing Appropriation Bill, which subsequently received royal assent on 29 June, requiring the AOFM to publish a register of foreign borrowings and any securities guaranteed by the Commonwealth or any state or territory. Obviously, there have to be regulations, so where are we up to with these regulations being drafted? They will enable this register to be implemented.

Dr Henry—As I indicated to Senator Joyce, that question would be better put to the AOFM when they appear.

Senator COONAN—I put it to them and they said, ‘Ask Treasury.’ They said it was something ‘we’re discussing with Treasury’. I do not particularly know.

Dr Henry—I am sorry about that. I was not aware of that. I will take that question on notice and provide the committee with an answer.

Senator COONAN—Minister, do you have some view on or some information you can give us as to what is happening with these regulations?

Senator Sherry—I recall the debate in the chamber. Do the regulations you are asking about go to the issue of identifying the owner?

Senator COONAN—Partly, having a register and, yes, to the extent it can be identified.

Senator Sherry—I think your amendment went to that issue as well. It is the issue that Dr Henry referred to earlier in response to Senator Joyce. But beyond that, no, I do not have any up to date information about where the process is at. I am happy to take it on notice.

Senator COONAN—It is getting on a bit. It is five months at least since royal assent was received.

Senator Sherry—I will take it on notice. But I do recall—just to conclude my response—that, as for the issue that Dr Henry has outlined in respect of tracing the ownership, it was particularly difficult if not well nigh impossible. That was a debate we had in the chamber as to your amendment. It was a reasonably extensive debate, as I recall. That may be a factor. I will take it on notice.

Senator COONAN—It does require a couple of things. It requires the beneficial ownership by country of all securities on issue by the Commonwealth of Australia and any Commonwealth of Australia guaranteed issuance by any Australian state or territory. But the United States Department of Treasury currently has this information readily available on their Department of Treasury website. I must say it is not all that clear why it is so difficult when such information is available. The Reserve Bank has a lot of this information on its books.

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Senator Sherry—Dr Henry outlined the difficulties in tracing through to the owners. I outlined that difficulty in the debate in the chamber. That may be a factor. I will take it on notice. The Office of Financial Management are appearing tomorrow, I think.

Senator COONAN—They just say it is a matter for Treasury. They do not know what is going on. In fact, Mr Hyden did not even know what discussions had taken place.

Senator Sherry—I certainly do not want this to go around in circles. We will take it on notice and I will certainly endeavour to get a response for you by tomorrow.

Senator COONAN—Thank you. Dr Henry would be aware of course that the percentage of foreign holders of Commonwealth government securities is published and is available on the Reserve Bank website, so that is a good start. In any event I appreciate that you will get that information for me, because it does, to my way of thinking, seem to be getting a bit long in the tooth.

Answer:

The Australian Office of Financial Management (AOFM) is in the process of establishing the Public Register of Government Borrowings as required under section 7 of the *Guarantee of State and Territory Borrowings Appropriation Act 2009*.

The AOFM is writing to nominee companies, who hold Commonwealth Government Securities (CGS) on behalf of their clients, seeking information on the domicile of the beneficial owner of CGS on an aggregate, by country level. The AOFM has also written to the New South Wales and Queensland Treasury Corporations (as they are the only States who have taken up the guarantee) seeking their assistance in implementing the register in relation to Commonwealth-guaranteed securities.